GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1227
ANSWERED ON:30.11.2012
CREDIT TO MSME
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Will the Minister of FINANCE be pleased to state:

(a) the steps taken/proposed to be taken by the Government to ensure easy flow of credit to Micro, Small and Medium Enterprises {MSMEs) in the country;

(b) whether the Government has any proposal to make credit rating mandatory through the Credit Information Bureau Limited (CIBIL); and

(c) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): The following steps have been taken by the Government to ensure easy flow of credit to MSMEs in the country;-

i. Set up CGTMSE in August 2000 to provide guarantee cover to loans extended to MSEs.

ii. SMERA (SME Rating Agency of India) accredited in September 2012 for the purpose of risk weighting, the banks claims for capital adequacy purposes in addition to existing five domestic credit rating agencies.

iii. PM Task Force on MSME targets monitored on a quarterly basis by GOI and RBI.

iv. Banks have been mandated not to accept collateral security in case of loans upto Rs. 10 lakhs extended to MSE units,

v. Lead banks have been advised to operationalize at least one specialized MSE branch in every district,

vi. Banks have been instructed to adopt IBA approved common application forms for loans upto Rs. 25 lakhs,

vii. India Opportunity Venture Fund (IOVF) set up in August 2012 with GOI support of Rs. 2000 crores in FY 2012-13 for enhancing equity support to MSME sector,

viii. SIDBI`s strategy reoriented for addressing the financial & nonfinancial gaps in the MSME eco~system.

ix. It has been decided to include SIDBI as an eligible borrower for availing of ECB for on-lending to MSME sector,

x. RBI has allocated Rs. 5,000 crore to SIDBI in for FY 2012-13 in order to augment the refinance capabilities of SIDBI and stimulating the growth of MSEs.

(b & c): CIBIL is not a credit rating agency, and therefore, question does not arise.